

■ Changes to Form ST-556, Sales Tax Transaction Return

TO: ST-556 Filers

We have made some changes to Form ST-556 that will affect the way you report sales that are exempt from tax in Section 5.

In addition, the revised ST-556 return, although similar in appearance to the previous version, reflects small changes in the positioning of everything that is printed on the return.

When should I begin following the revised instructions for reporting exempt sales?

You should begin reporting exempt sales as outlined in this bulletin when you begin filing your revised ST-556 returns.

How will these changes affect me?

To report exempt sales...

You must use **Section 5, Box A**, entitled "Sold to an out-of-state purchaser," only when you sell a **motor vehicle, motorcycle, or trailer** to a purchaser (not a dealer) that

- is not an Illinois resident,
- takes delivery of the item at your Illinois dealership, and
- will title and/or register the item in another state.

To use Section 5, Box A, either

- your customer must have valid and current license plates issued by your customer's state of residence to transfer to the item purchased or
- you must issue your customer a drive-away permit.

Illinois law does not provide for the transfer of out-of-state license plates or issuance of drive-away permits in sales of **watercraft, aircraft, mobile homes, ATV's, or other nonhighway vehicles**. When your out-of-state customer takes delivery of these items at your Illinois dealership, these sales are taxable unless the purchaser is an out-of-state dealer of these items making a purchase for resale (see Section 5, Box B, following) or the purchaser is buying these items under the rolling stock exemption (Form ST-556, Section 5, Box D).

You must use **Section 5, Box B**, entitled "Sold for resale," when you sell a motor vehicle, motorcycle, trailer, watercraft, aircraft, or mobile home for resale to an Illinois or out-of-state dealer. Illinois retailers and resellers must be properly registered as such with the appropriate agencies of Illinois state government.

You must use Section 5, Box B, also when you sell a motor vehicle for resale for junking or salvage or as parts to a retailer who is properly registered as a retailer or reseller of these items.

Sales to out-of-state dealers are exempt even when the dealer takes possession in Illinois of the item purchased.

You must use **Section 5, Box G**, entitled "Other," for two additional types of sales that were formerly reported in Section 5, Box A:

- sales of items that are delivered by you to customers out of state
- sales of items that are shipped by you to customers out of state

If you fill out your Form ST-556 using a computer...

If you use a computer to print information on your ST-556 returns, you will need to make some adjustments in your computer program to allow for the form changes before you begin using your new returns.

You will need to make minor alignment adjustments for all text you print on the return. In addition, in Section 5, Box, A, we ask you to print either the drive-away permit number or

the license plate number in the same space. If you are printing a license plate number, we ask you also to print the name of the state for which the plate is issued. In Section 6, Line 5, the line for use tax has been printed slightly lower on the page.

May I use my supply of old returns?

Yes. You may continue to use your old returns until your supply has been used up. We will send you a supply of the new returns upon your request.

How can I tell the difference between the revised return and the previous version?

You can identify the revised ST-556 return by looking at the revision date in the upper left-hand corner of the face of the return. The revision date for the new return is January 1997; it is printed as "(R-1/97)."

Will I receive updated instructions for Form ST-556?

Yes. We will include the new instructions in shipments of the returns.

Questions?

If you have questions or need more information, please call or write us. Our telephone numbers and address are printed at the bottom of this bulletin.

